

Message Text

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ACTION L-02

INFO OCT-01 NEA-06 ISO-00 A-01 FBO-02 JUSE-00 USIA-06

AGR-05 IO-10 PRS-01 PA-01 SAM-01 OMB-01 AID-05 TRSE-00

COME-00 FRB-01 SCA-01 SCS-03 SS-15 NSC-05 SP-02 EB-04

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 0208

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E.O. 11652: N/A

TAGS: EFIN

SUBJECT: US CLAIMS AGAINST EGYPT

REF: CAIRO 7458

SUMMARY: EGYPTIANS HAVE RAISED WITH EMBASSY MATTER OF US CLAIMS. THEY HAVE INDICATED READINESS TO ESTABLISH JOINT CLAIMS COMMITTEE AND DISCUSS PROCEDURES. UNDERSEC DEWIDAR EXPRESSED VIEW US CLAIMS SHOULD BE RELATIVELY SIMPLER TO DEAL WITH THAN THOSE OF SOME OTHER COUNTRIES WITH WHICH CLAIMS ALREADY SETTLED. HE MENTIONED USUAL PROCEDURE HAS BEEN LUMP SUM PAYMENT. EMBASSY WELCOMES EGYPTIAN INITIATIVE, RECOMMENDS WE BEGIN DISCUSSIONS REGARDING ESTABLISHMENT JOINT COMMITTEE, MOVED FORWARD WITH SETTING DATE FOR FIRST MEETING AND PROVIDE GOE WITH LISTS OF CLAIMS THEY HAVE REQUESTED. EMBASSY ALSO RECOMMENDS THAT IT BE AUTHORIZED TO DISCUSS WITH MFA WHETHER OFFICIAL CLAIMS SHOULD BE HANDLED THROUGH DIPLOMATIC NEGOTIATIONS OR THROUGH JOINT COMMITTEE. END SUMMARY

1. UNDERSEC AHMED DEWIDAR OF AGENCY FOR ARAB AND INTERNATIONAL ECONOMIC COOPERATION ASKED POL/ECON COUNSELOR CALL NOV 12 RE "SETTLEMENT OF US CLAIMS". DEWIDAR PRODUCED MESSAGE FROM THE LIMITED OFFICIAL USE

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EGYPTIAN EMBASSY IN WASHINGTON REPORTING NOTICE IN US PRESS

THAT DEPT OF STATE LEGAL ADVISOR "WILL RECEIVE CLAIMS OF US NATIONALS AGAINST ARE FROM OCT 22 THRU JAN 22". (THIS IS PRESUMABLY NOTICE MENTIONED DEPT A-8056). DEWIDAR ASKED WHAT THIS WAS ALL ABOUT.

2. COUNSELOR RESPONDED THAT NOTICE WAS OUTGROWTH OF EARLIER DISCUSSIONS BETWEEN AMBASSADOR AND PRIMIN HEGAZI RE SETTLEMENT OF US CLAIMS AGAINST EGYPT AND GOE ANNOUNCEMENT OF JULY 13 THAT A JOINT COMMITTEE WOULD BE SET UP FOR THIS PURPOSE (CAIRO 5136). HEGAZI HAD REQUESTED A LIST OF PRIVATE CLAIMS AS FIRST STEP IN THE PROCESS. DEPT LEGAL ADVISOR NOW IN PROCESS ASSEMBLING INFO FOR SUCH A LIST. CONGRESSIONAL INTEREST IN EXPEDITIOUS SETTLEMENT OUTSTANDING CLAIMS ALSO MENTIONED.

3. DESPITE DEWIDAR'S OPENING REMARKS, HE SOON REVEALED THAT HE WAS GENERALLY INFORMED CONCERNING CLAIM MATTERS AND THAT HE HAS IN FIRST INSTANCE AT LEAST BEEN DESIGNATED TO DEAL WITH US ON SUBJECT. DEWIDAR SAID GOE IS PREPARED MOVE FORWARD ON CLAIMS SETTLEMENT AND REITERATED EARLIER GOE REQUEST FOR LIST OF CLAIMANTS AND CLAIMS. HE UNDERTOOK LOOK INTO MATTER OF EGYPTIAN PARTICIPATION ON A JOINT CLAIMS COMMITTEE, OPINING SEQUESTRATION OFFICE, LAND REFORM AUTHORITY, CENTRAL BANK AND MINISTRY OF INTERIOR, AS WELL AS HIS OWN AGENCY, WOULD LIKELY BE REPRESENTED (NOTE LACK OF MFA REPRESENTATION).

4. DEWIDAR SAID GOE HAS SETTLED CLAIMS ISSUES WITH SOME 16-17 COUNTRIES OVER PAST YEARS AND THERE NO REASON WHY A SETTLEMENT COULD NOT BE REACHED WITH US. HE HAD BEEN MEMBER OF BODY THAT FINALLY SETTLED CLAIMS BETWEEN TURKEY AND EGYPT. GIVEN THE COMPLEXITY OF THESE CLAIMS WHICH GREW OUT OF YEARS OF HISTORY OF EGYPTIAN RELATIONS WITH OTTOMAN EMPIRE, CERTAINLY RELATIVELY SIMPLER US CLAIMS COULD BE DEALT WITH IN REASONABLE FASHION. DEWIDAR INDICATED IN PASSING THAT USUAL PROCEDURE HAS BEEN TO PAY A LUMP SUM TO GOVERNMENT IN QUESTION, LEAVING LATTER TO MAKE DISBURSEMENTS TO ITS NATIONALS. HOWEVER, HE ALSO MENTIONED THAT PAYMENT TO COUNTRIES HAS IN PAST VARIED. "IN ONE CASE PAYMENT HAS BEEN AT 50 PERCENT OF THE CLAIMS, IN ANOTHER 60 PERCENT".

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5. RE MODALITIES; DEWIDAR CONCLUDED BY SAYING HE ENVISAGED USG AND GOE WOULD (A) SET UP JOINT COMMITTEE AND AGREE ON PROCEDURES; (B) CONCLUDE AGREEMENT COVERING SETTLEMENT OF CLAIMS AND (C) COMPLETE FINANCIAL TRANSACTIONS AND TRANSFER OF FUNDS. REFERRING TO PRESS NOTICE IN US GIVING JAN 22 CUTOFF DATE, HE THOUGHT SOME STEPS COULD BE TAKEN BEFORE THEN.

6. DEWIDAR MADE NO DIFFERENTIATION BETWEEN PUBLIC AND PRI-

VATE CLAIMS.

7. DEWIDAR ASKED WHETHER STEPS ENVISAGED PARA 5 WOULD BE AGREEABLE TO USG. COUNSELOR AFFIRMED USG WELCOMES GOE WILLINGNESS TO DEAL WITH US CLAIMS AND WOULD REPORT CONVERSATION TO WASHINGTON.

8. ACTION RECOMMENDED: IN LIGHT THIS EGYPTIAN INITIATIVE, RECOMMEND EMBASSY BE AUTHORIZED : (A) ADVISE DEWIDAR WE READY TO BEGIN PROCEDURAL DISCUSSIONS RE ESTABLISHMENT OF JOINT COMMITTEE, MEMBERSHIP AND RULES OF PROCEDURE; (B) SET DATE FOR FIRST MEETING AT WHICH L REPRESENTATIVE WOULD BE PRESENT; (C) PROVIDE ASAP COMPREHENSIVE LISTS OF (1) USG OFFICIAL CLAIMS (EXCEPT PORT SAID CONSULATE BUILDING DAMAGES, WHICH WE STILL UNABLE TO ASSESS, SINCE WE DO NOT YET HAVE ACCESS TO CITY) AND (2) AMERICAN PRIVATE CLAIMS AS REQUESTED BY GOE. TWO LISTS CAN BE GIVEN SEPARATELY; (D) SINCE WE WANT TO BEGIN WITH USG OFFICIAL CLAIMS, TAKE UP WITH MFA WHETHER THESE SHOULD BE HANDLED IN DIPLOMATIC NEGOTIATIONS - WHICH EMBASSY PREFERS IF GOE AGREES - OR IN JOINT COMMITTEE. DEPENDING UPON RESPONSE, WE THEN BE AUTHORIZED BEGIN NEGOTIATIONS ON SUCH OFFICIAL CLAIMS SOON AS NEEDED LIST AVAILABLE. AS RECOMMENDED REFTL, HOWEVER, WE SHOULD AVOID NEGOTIATING OFFICIAL CLAIMS IN PIECEMEAL FASHION AND INSTEAD PRESENT SINGLE DETAILED LIST.
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